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DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

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Analysis of Enrolled House Bill 5315

Topic: Foreign and Domestic Corporation Mergers
Sponsor: Representative Marleau
Co-Sponsors: Representatives Huizenga, Vander Veen, Baxter, Wenke, Taub, Tobocman
Committee: House Commerce
Senate Economic Development, Small Business & Regulatory Reform
Date Introduced: October 18, 2005
Date Enrolled: March 2, 2006
Date of Analysis: Revised March 3, 2006

Position: The Department of Labor & Economic Growth supports the bill.

Problem/Background:

This amendment corrects a drafting error in the 1997 amendments by making the subsection applicable to all foreign corporations rather than only to those involved in parent-subsidary mergers.

Description of Bill:

The bill clarifies that foreign corporation authorized to transact business in Michigan which participates in a merger or share exchange must comply with sections 1021 and 1035 of the act regarding reporting increases in shares attributable to Michigan and paying any additional fees due as a result of an increase in shares attributable.

Arguments For:

The change is needed to make it clear that other sections of the act will also apply when a foreign corporation with a Certificate of Authority to transact business in Michigan participates in a share exchange or merger. The bill clarifies that additional fees may be owed if the share exchange or merger results in an increase in shares attributable to the state.

Arguments Against:

Supporters:

Business Law Section of State Bar of Michigan

Opponents:

The only opposition to any of the bills in this package was to House Bill 5322. The Department of Labor & Economic Growth opposed House Bill 5322, because the problem that the bill was designed to solve had already been addressed in the expedited fee bills.

Other Pertinent Information:

This bill is part of a package of bills (House Bills 5315-23) developed by the Business Law Section of the State Bar of Michigan as part of a regular review of Michigan's corporation laws. These reviews occur roughly at four-year intervals. The only opposition to any of the bills in this package was to House Bill 5322.

Administrative Rules Impact:

The bill will have no impact on administrative rules.

Fiscal Impact:

The bill will have no fiscal impact.